

AR44

~~had sent to~~
~~check in paper~~



DATA/LINE/1974

Directors:

Daniel G. Cooper
Associate, McCarthy & McCarthy

George S. Dembroski
Partner, Dominion Securities
Corporation Harris & Partners
Limited

Joseph C. Paradi
President-Treasurer Dataline
Systems Limited

R. William Hay
Computer Consultant

George T. Lake
Director of the Computing Centre,
The University of Western Ontario

Officers:

Joseph C. Paradi, President
Treasurer

A. C. Hay, Vice-President, Marketing

Daniel G. Cooper, Secretary

Auditors:

Clarkson, Gordon & Co.

Registrar and Transfer Agent:

Crown Trust Company



Annual Meeting May 13, 1975, 3 p.m. at the Four Seasons Sheraton Hotel, Toronto.

To the Shareholders

It is my pleasant duty to report to you on the results of our 1974 fiscal year.

It is with considerable pleasure that I report once again a record year for your Company. We have set new records in gross sales, income and income per share. During the past year the softening of the Canadian economy has had an effect on Dataline operations, but sales and marketing efforts continued to progress in a satisfactory manner. The high rate of inflation and the resultant rapid increase in costs have contributed to a substantial increase in operating costs as well.

In the following paragraphs I will attempt to outline the factors which I feel are important in assessing the past year, and which should be kept in mind when looking to the future.

Financial Highlights

Your Company's first profitable year was 1973, and was followed by a substantially improved 1974 from an earnings point of view. Dataline's net income for 1974 was 77¢ per share. As in 1973, no income taxes are payable on the current year's income due to the utilisation of losses in prior years. The net income per share increased by some 350%, a satisfying increase indeed.

Gross sales increased by 51% from last year. The prime reason for this healthy increase is our heavy and successful emphasis on the continuous development of our marketing force. This effort contributed materially to our success. It is your Company's intention to continue this development of the marketing force and to expand it by increasing both the quality and the number of marketing representatives, technical support representatives and systems specialists engaged in direct customer contact.

While a healthy increase in sales was experienced in the past year, a substantial increase in expenses has also taken place. Expenses increased by 42% over 1973. Fortunately we were not only able to maintain the margin between income

and expenses, but to increase it. Nevertheless it is an important problem that must be dealt with in the coming years as costs for both personnel and materials are increasing at a rapid pace.

At present, the Canadian economy is slowing down, while inflation is continuing to go forward at a rate of approximately 1% per month. We are confident that with the economies of scale arising from our equipment complex and communication network, together with our planned expansion in 1975, our profit margins can be maintained and perhaps increased in the near future.

Cash flow from operations increased in 1974 to \$920,000 or by 69% over 1973, which contributed to an increase in working capital of \$286,000. This cash flow provides some of the funds required for the Company's growth and enables it to replace, upgrade and add to the computer complex as the market dictates. We expect that our depreciation policies, equipment upgrading and replacement policies will maintain our production capabilities in the forefront of the industry and will ensure our competitiveness with all other types of computer systems operated by our competitors.

These results are due chiefly to the quality of the staff and their outstanding efforts during the past year, reflecting the Company's belief that the most important aspect of a computer service company is the quality of its personnel.

Markets

With sales offices in Toronto, Ottawa, Montreal and Calgary, Dataline is now active coast-to-coast through a telecommunications network which can be accessed in some 50 communities throughout Canada. Through our network, which is the largest of its kind in the country, we are capable of reaching the head and branch offices of most Canadian corporations with a need for shared computer services.

This report contains a special

section on the telecommunications capabilities of your Company which will help you understand the type of communications we provide and the reasons for using this type of service.

Dataline continued its development of new services and service packages during 1974. We also expanded our markets in the four market sectors we have been developing during the past year. Our traditional problem-solving, Time-Sharing Services have grown as expected in the manner predicted by Government research, at about 15 to 20% per year. We expect these will continue to grow at the same rate. It is felt, however, that our marketing emphasis will not be placed in this market area, as we believe there is a finite limit to the amount of business that is available and that can reasonably be handled by Dataline. Therefore, our major marketing effort will be in our other three market segments, where growth can be expected to substantially exceed the 15 to 20% range forecast for our industry.

Our efforts in the second market segment, Socio-Econometric Services, has paid off handsomely in the past year and we experienced an increase which exceeded our forecasts. At the present time these services are primarily government oriented. As governments recognize their need to provide timely and accurate information for business in order to stimulate and guide the economy, more and more use of this service will be made. Accordingly, development processes are well under way to expand our service offering and our market coverage in this very important market segment. Currently, we have several marketing representatives assigned full time in this area. We believe the potential of this marketplace warrants such an effort.

Our third market area, On-line Data Base Management, has expanded in the past year as well. New services have been introduced, the most important of which is our port-

folio management system designed for the financial community. This ready-made package, which operates on a financial data base, can be utilized by brokerage firms, banks, institutional investors and individuals to maintain a record of their financial investments. It provides a timely evaluation of the investor's portfolio and compares the portfolio's performance to such indices as the Toronto Stock Exchange, New York Stock Exchange, Dow-Jones, etc. We are in the process of expanding the sales effort of this package and expect significant growth from this product.

Our fourth market, and perhaps the largest in potential, is Business Data Processing. Our BICAR system, first introduced in 1973, has been continuously developed. Various refinements and additions are constantly being introduced to expand the features of this versatile commercial application package. In addition to the basic BICAR package, a number of stand-alone systems are being introduced.

Other needs are being met in such business areas as mailing lists and label processing, payroll, accounts receivable, etc. In the next five to 10 years, commercial data processing via a telecommunications network will be the largest and essentially untapped market available for data service organizations such as Dataline. We intend to continue our heavy investment in manpower, time and development in this area to further expand our leadership and to continue to meet the new challenges available in the data processing field.

The Future

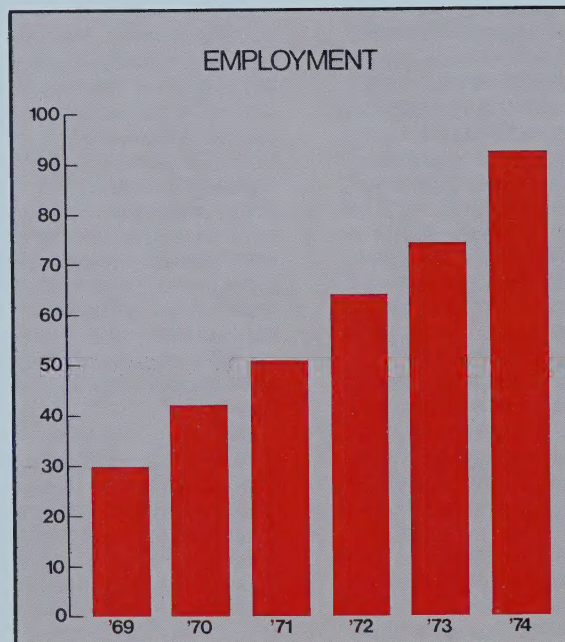
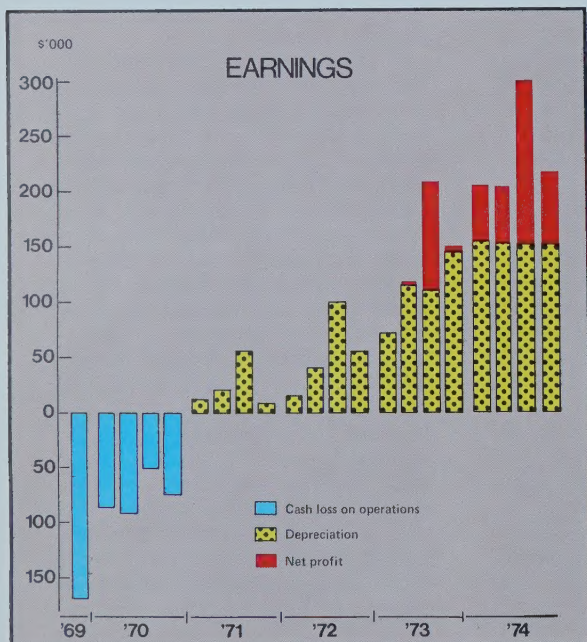
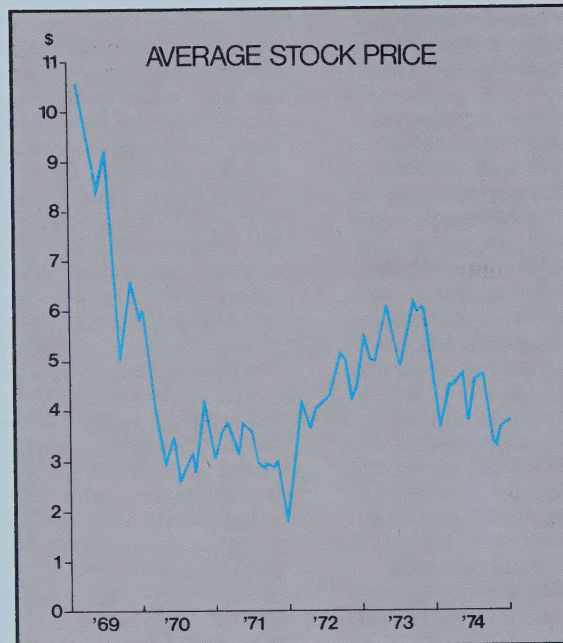
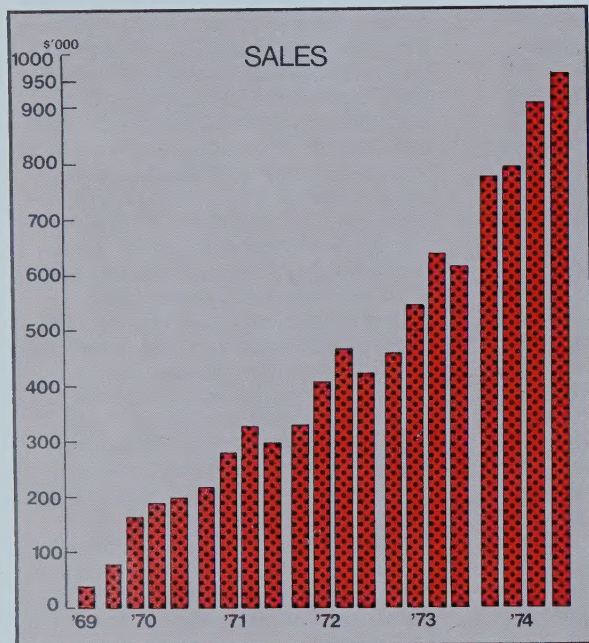
It is very difficult to forecast trends in our industry. This is due to its short history and the extremely high rate of change experienced by all of us. Nevertheless, in order to plan our future in an orderly manner we must try to accurately forecast some of the expected trends for our industry in the coming years.

Many interesting developments have come to light in the past year.

First, the Federal government continued its policy of purchasing computer services on an on-going basis from the private sector. This activity has now been centralized through the Department of Supply and Services. A National Master Standing Offer enables the government to purchase time-sharing and computer service on an on-going basis from the private sector. This approach is beneficial from an administrative and record keeping point of view, since we can now deal with a central agency. The healthy competition based on the tendering process is still maintained when large scale projects, substantial sums, or more than one year periods are involved. We vigorously compete in this marketplace and will continue to support government efforts in purchasing computer services from the private sector rather than providing them in-house. We believe the continuation of this policy is most important in fostering the computer service industry and ensuring that this business segment remains Canadian and viable in the coming years.

A joint press release from the Departments of Finance and Communications, dated January 16, 1975, detailed the interim ground rules concerning the entry of the telecommunications carriers and the Canadian chartered banks into the computer service business. Essentially, it covered the restrictions under which these institutions may participate. Chartered banks can only provide computer services which are directly related to the payment system, while communications carriers would be allowed to enter via an arms-length subsidiary. It is our firm belief, however, that these are only the first steps in developing a comprehensive policy beneficial to the telecommunications computer service organizations, the institutions concerned and the Canadian public at large.

Due to the geographical distribution of population in Canada, it



is difficult to deliver computer services outside the major urban centres. However, through the co-operation of the telecommunications carriers in providing a low cost, error free communication network to computer service companies, and by banks making available their branch networks for the collection, delivery and servicing of accounts in remote areas, the computer service industry should be able to develop a way to provide computer services to any individual or business organization, located anywhere in Canada, equally well and at the same cost as to those located in urban centres. We believe these efforts should be continued by the government and encouraged, so it will be possible to reach our goals.

Later in this report you will find a detailed discussion of our pending move to new premises. In the past six years we have occupied the same premises in spite of a tripling of computer equipment and a quadrupling of staff and service needs. This lack of space has severely strained the work environment in our current premises.

We are looking forward to the more economical and efficient work environment that our new premises will provide. However, this move will result in extraordinary expenses due to the complexity and cost of moving equipment and installations. We have arranged to have additional equipment to tide us over during the physical move and to ensure that no interruption of service will be experienced by our users.

Our Employees

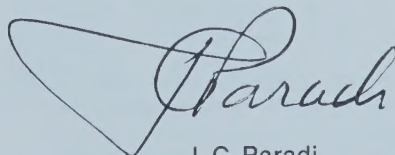
It has been customary in every annual report of the last five or six years to dedicate a paragraph to the excellence and above-average production of our professional staff. In line with this tradition I would like to emphasize once again the crucial need for Dataline to retain and expand professional personnel in order to fulfill the requirements of our customers and to ensure that continued support and servicing of our accounts will be maintained on

schedule. Nevertheless the addition of new staff and the retention of experienced staff is a most important and difficult task, especially in light of the pressures on our people from competing organizations — pressures which are increasing as our success grows. We believe some of our innovative benefits will continue to influence the loyalty of our employees and to spur them to the productivities required to maintain and increase our pace of growth.

One of these new benefits, introduced in 1974, is a stock purchase plan set up for all employees. Under this plan, the corporation subsidizes a portion of the cost of purchasing Dataline stock on the open market on a payroll deduction plan. We have found that the majority of our employees have enthusiastically supported this plan and have been taking advantage of it in 1974. Accordingly, it is being expanded for 1975 to further encourage the good acceptance that has been experienced to date.

I would like to take this opportunity to thank everyone who has contributed to the success of Dataline. Without the support of our employees, shareholders and directors, none of these accomplishments would be possible.

On behalf of the Board of Directors



J. C. Paradi
President

April 15, 1975

Five year Statistical

Dataline Systems Limited Balance Sheet

Five years — December 31

Assets	1974	1973	1972	1971	1970
Current					
Cash	424	4,295	2,943	67,755	33,894
Guaranteed investment certificates	—	—	—	85,146	250,750
Accounts Receivable	919,666	425,185	417,509	173,623	147,384
Prepaid Expenses	10,190	18,740	6,463	5,345	2,631
	<u>930,280</u>	<u>448,220</u>	<u>426,915</u>	<u>331,869</u>	<u>434,659</u>
Fixed, at cost					
Computers and ancillary equipment	3,944,683	4,066,309	2,872,866	2,873,958	1,721,768
Office furniture and fixture	86,733	70,343	55,110	50,003	46,078
	<u>4,031,416</u>	<u>4,136,652</u>	<u>2,927,976</u>	<u>2,923,961</u>	<u>1,767,846</u>
Less accumulated depreciation	<u>1,537,623</u>	<u>1,521,110</u>	<u>1,060,613</u>	<u>633,123</u>	<u>316,000</u>
	2,493,793	2,615,542	1,867,363	2,290,838	1,451,846
Leasehold improvements, less amortization	104,250	132,803	108,446	123,795	125,791
	<u>2,598,043</u>	<u>2,748,345</u>	<u>1,975,809</u>	<u>2,414,633</u>	<u>1,577,637</u>
	<u>\$3,528,323</u>	<u>\$3,196,565</u>	<u>\$2,402,724</u>	<u>\$2,746,502</u>	<u>\$2,012,296</u>
Liabilities and Shareholders' equity					
Current					
Operating Bank loan	224,525	228,000	250,000	—	—
Current portion of long term debt	525,512	436,610	180,000	—	—
Accounts payable and accrued charges	401,039	285,776	209,523	1,232,537	360,896
Deferred income	—	4,695	48,000	48,000	—
	<u>1,151,076</u>	<u>955,081</u>	<u>687,523</u>	<u>1,280,537</u>	<u>360,896</u>
Long Term Debt					
Term Bank Loan (long term portion)	725,000	880,000	520,000	—	—
Promissory Note Payable	82,816	103,328	—	—	—
Deferred Income	—	—	4,692	52,692	—
	<u>807,816</u>	<u>983,328</u>	<u>524,692</u>	<u>52,692</u>	<u>—</u>
Shareholders' Equity					
Capital Stock	2,735,080	2,735,080	2,735,080	2,722,480	2,722,480
Deficit	1,165,649	1,476,924	1,544,571	1,309,207	1,071,080
	<u>1,569,431</u>	<u>1,258,156</u>	<u>1,190,509</u>	<u>1,413,273</u>	<u>1,651,400</u>
	<u>\$3,528,323</u>	<u>\$3,196,565</u>	<u>\$2,402,724</u>	<u>\$2,746,502</u>	<u>\$2,012,296</u>

Dataline Systems Limited Statement of Income

Five years — December 31

	1974	1973	1972	1971	1970
Income:					
Computer Time	3,412,897	2,259,144	1,626,989	1,125,576	629,702
Expenses:					
General, administrative and operating expenses	2,275,181	1,606,285	1,317,457	999,019	971,034
Interest expense (earned)	214,961	106,138	100,609	30,837	(37,233)
Depreciation and amortization	611,480	479,074	444,287	333,847	253,698
	<u>3,101,622</u>	<u>2,191,497</u>	<u>1,862,353</u>	<u>1,363,703</u>	<u>1,187,499</u>
Net Income (loss)	<u>\$ 311,275</u>	<u>\$ 67,647</u>	<u>\$ (235,364)</u>	<u>\$ (238,127)</u>	<u>\$ (557,797)</u>
Net Income (loss) per share	\$ 0.77	\$ 0.17	\$ (0.59)	\$ (0.60)	\$ (1.39)



DATALINE SYSTEMS LIMITED

Consolidated Financial Statements

DECEMBER 31, 1974

Auditors' Report

To the Shareholders of
Dataline Systems Limited:

We have examined the consolidated balance sheet of Dataline Systems Limited as at December 31, 1974 and the consolidated statements of income and deficit and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the consolidated financial position of the

company as at December 31, 1974 and the consolidated results of its operations and the changes in its consolidated financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Clarkson, Gordon & Co.

Chartered Accountants

Toronto, Canada,
March 18, 1975.

**DATALINE SYSTEMS LIMITED**(Incorporated under the laws of Ontario)
and its subsidiary company

Consolidated Balance Sheet

DECEMBER 31, 1974
(with comparative figures
at December 31, 1973)

	1974	1973
ASSETS		
Current:		
Cash	\$ 424	\$ 4,295
Accounts receivable	919,666	425,185
Prepaid expenses	10,190	18,740
	<u>930,280</u>	<u>448,220</u>
Fixed assets, at cost (notes 1 and 2)	4,212,629	4,337,924
Less accumulated depreciation and amortization	1,614,586	1,589,579
	<u>2,598,043</u>	<u>2,748,345</u>
	<u>\$3,528,323</u>	<u>\$3,196,565</u>
	1974	1973
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current:		
Operating bank loan, against which accounts receivable are pledged as collateral	\$ 224,525	\$ 228,000
Accounts payable and accrued charges	401,039	285,776
Current portion of long-term debt (note 3)	525,512	436,610
Deferred income		4,695
	<u>1,151,076</u>	<u>955,081</u>
Long-term debt (note 3):		
Term bank loan	1,230,000	1,300,000
Promissory note payable	103,328	119,938
	<u>1,333,328</u>	<u>1,419,938</u>
Less current portion included above	525,512	436,610
	<u>807,816</u>	<u>983,328</u>
Shareholders' equity:		
Capital stock —		
Authorized:		
1,000,000 common shares without par value		
Issued:		
404,200 shares	2,735,080	2,735,080
Deficit	(1,165,649)	(1,476,924)
	<u>1,569,431</u>	<u>1,258,156</u>
	<u>\$3,528,323</u>	<u>\$3,196,565</u>

On behalf of the Board:
J. C. PARADI, Director
G. S. DEMBROSKI, Director

(See accompanying notes)

Consolidated Statement of Income and Deficit

FOR THE YEAR ENDED
DECEMBER 31, 1974
(with comparative figures for 1973)

	1974	1973
Income:		
Computer time and related charges	\$ 3,404,102	\$ 2,259,144
Gain on disposal of fixed assets	8,795	
	<u>3,412,897</u>	<u>2,259,144</u>
Expenses:		
General, administrative and operating expenses	2,275,181	1,606,285
Interest expense —		
Long-term debt	173,925	79,000
Other	41,036	27,138
Depreciation and amortization	611,480	479,074
	<u>3,101,622</u>	<u>2,191,497</u>
Income before income taxes and extraordinary item	311,275	67,647
Income taxes	155,700	34,500
Income before extraordinary item	155,575	33,147
Reduction of income taxes due to carry-forward of prior years' losses	155,700	34,500
Net income for the year	311,275	67,647
Deficit, beginning of year	(1,476,924)	(1,544,571)
Deficit, end of year	<u>\$ (1,165,649)</u>	<u>\$ (1,476,924)</u>
Net income per share:		
Before extraordinary item	38¢	8¢
Extraordinary item	39¢	9¢
Net income for the year	<u>77¢</u>	<u>17¢</u>

Consolidated Statement of Changes in Financial Position

FOR THE YEAR ENDED
DECEMBER 31, 1974
(with comparative figures for 1973)

	1974	1973
Source of funds:		
Operations —		
Net income for the year	\$ 311,275	\$ 67,647
Add (deduct):		
Depreciation and amortization	611,480	479,074
Gain on disposal of fixed assets	(8,795)	
Total funds from operations	913,960	546,721
Increase in long-term debt (note 3)	350,000	703,328
Proceeds on disposal of fixed assets	251,549	
	<u>1,515,509</u>	<u>1,250,049</u>
Application of funds:		
Purchase of fixed assets	703,932	1,251,610
Decrease in deferred income		4,692
Repayment of long-term debt	525,512	240,000
	<u>1,229,444</u>	<u>1,496,302</u>
Increase (decrease) in working capital	<u>286,065</u>	<u>(246,253)</u>

(See accompanying notes)



Notes to Consolidated Financial Statements

DECEMBER 31, 1974

1. Summary of significant accounting policies

(a) Principles of consolidation —

The accompanying financial statements consolidate the accounts of the company with those of its wholly-owned subsidiary, Dataline Computer Leasing Co. Ltd., which commenced operations in 1974.

(b) Fixed assets —

Additions to fixed assets are recorded at cost.

Depreciation and amortization is provided on a straight-line basis so as to amortize the cost of depreciable assets over their estimated useful lives without residual value as follows:

Assets	Rate of depreciation
Computer equipment	7 years
Terminal equipment	3 years
Furniture and equipment	5 years
Leasehold improvements	Over terms of leases

Gains and losses on disposals of fixed assets are included in the consolidated statement of income.

(c) Research and development costs —

All research, software and other development costs are expensed as incurred.

(d) Branch development —

All expenses relating to the establishment of branch offices are charged against income as incurred.

(e) Revenue recognition —

Revenue from computer time and related charges is recognized in the accounts at the time services are performed.

2. Fixed assets

	1974		1973	
	Cost	Accumulated depreciation	Net	Net
Computer and ancillary equipment	\$3,906,847	\$1,464,691	\$2,442,156	\$2,567,751
Terminal equipment	37,836	16,716	21,120	20,508
Furniture and equipment	86,733	56,216	30,517	27,283
Leasehold improvements	181,213	76,963	104,250	132,803
Total	<u>\$4,212,629</u>	<u>\$1,614,586</u>	<u>\$2,598,043</u>	<u>\$2,748,345</u>

3. Long-term debt

The term bank loan is secured by an 11% demand debenture, which provides for a fixed and specific charge on the fixed assets, and a first floating charge on all assets and undertaking of the company.

The debenture contains certain restrictions as to the purchase of fixed assets and the payment of dividends. Although the term loan is evidenced by a demand note, arrangements have been made with the bank for monthly repayments through to 1976.

The promissory note is payable in monthly instalments to 1977 together with interest at 13% per annum and is secured by a chattel mortgage on certain fixed assets.

Scheduled annual payments on the above long-term obligations are as follows:

1975 —	\$525,512
1976 —	718,343
1977 —	89,473

4. Income taxes

At December 31, 1974, there were losses of approximately \$1,165,000 represented by unclaimed capital cost allowances available to be carried forward to reduce future taxable income.

5. Commitments

The company is committed to lease premises and computer equipment for up to ten years at varying annual rentals of up to \$291,000.

In accordance with the company's continuing program of expanding and upgrading its computing facilities, outstanding orders at December 31, 1974 for the purchase or lease of additional equipment to be delivered in 1975 amount to approximately \$840,000.

6. Statutory information

The aggregate direct remuneration paid to directors and senior officers amounted to \$195,353.



Dataline Expansion

In 1969 we occupied our current premises at 40 St. Clair Ave. West, Toronto. At that time, arrangements were made for a Computer Centre of about 3,000 square feet, a user centre of about 1,600 square feet and administrative, programming and sales office of about 6,500 square feet. In the ensuing six years we have increased our computer capacity from one to three DECsystem-10s, complete with peripheral and communications equipment. We have increased our communication coverage from a geographical point of view, coast-to-coast, with offices located in Toronto, Montreal, Ottawa and Calgary. This expansion of communication facilities has brought with it the need for more floor space for communications, computer multiplexers, datasets, etc. Our requirements for personnel space in technical support, marketing, administration, etc. have increased accordingly over the past six years. Our employee force of approximately 25 in 1969 has grown to over 90 in 1974.

Obviously, the need for additional space grew to the point where either a significant expansion had to be made at our current location or a move made. After careful consideration of all factors the decision was made to move as we could not realistically expand our current premises to fulfill our current and future needs even for the next two years.

After a long search we finally settled on the location of 175 Bedford Road in Toronto. These premises are centrally located, because it is important that we be close to our clients, and be able to enjoy the best communications services available from the telecommunications carriers.

We will lease, as sole tenant, a four-storey building which is being completely renovated and equipped for a computer centre. The cost of such renovations will be borne jointly by the lessor and Dataline in an appropriate manner.





Our new premises will have a computer and communication complex of over 9,000 square feet, accommodating our current three systems and a planned fourth system. Also, it will allow us to at least double our current capacity within the next few years. Our systems programming, application programming, technical services, administration, and accounting departments will occupy a floor of the building, as will our Toronto marketing office, technical support services and user work environment. Another floor will be used for our data preparation, commercial service centre and mechanical requirements, classroom facilities, educational needs and an employee cafeteria.

We expect to have for a number of years sufficient floor space for expansion of both people and equipment. Also, there is ample parking space available for both employees and customers working on the premises.

There are a number of advantages in occupying the entire building ourselves, particularly in terms of making special equipment and requirements available to suit our Computer Centre. For example, a new power station is being built specifically to feed the necessary power to our computer complex. Such a facility assures a more reliable supply of power, as well as isolation from electrical interference that can easily occur in a multi-tenant building such as the one we are presently in. In addition, we will have complete control over maintenance and security on a 24-hour, seven-days-a-week, basis. This aspect in itself justifies the choice of our new location, since security is a most important part in the operation of a shared computer installation. By having such control over the entry of all persons into the building we have a degree of physical security that is impossible to achieve in any other way. The move also provides us with the ability to extend our physical security for the computer centre itself and to further

ensure that the climate conditions for computer operations and loss prevention are the best available in the industry today.

The accompanying pictures show the progress of the building from its original state to the present. We expect that, barring delays in construction, we can commence moving sometime in May, 1975, with the actual movement of equipment from the present premises starting July 1, 1975.

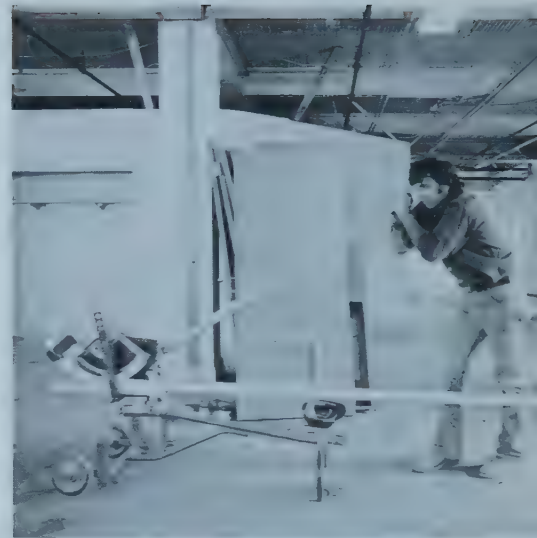
To avoid interruption of service to our clients, the new computing equipment, consisting of a central processor, memory and on-line data storage units, is scheduled for delivery in early May and for operation by July 1. Once this equipment is in operation, we will be able to rotate users from one of the computers currently in service on to the new equipment. Then, by dismantling and moving the freed computer, we can accomplish on a one-by-one basis the entire move without interruption in service to our user community. We expect all four computers to be operational and available to our customers by the fall of 1975.

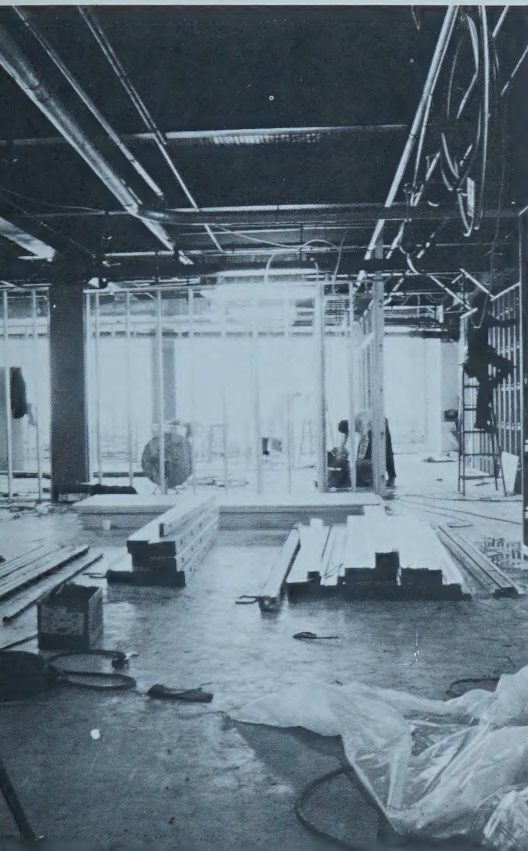
While some expenses will be involved in upgrading the computer complex early in 1975, we believe that an orderly move will not result in any loss of business and that the addition of this new computer will further add to our capabilities and provide for further processing requirements.

Communications Facilities

Interactive time-sharing service companies such as Dataline rely heavily upon communications as an integral and essential service to properly serve the end user who may be located anywhere in Canada. In order to process data, particularly for large corporations with branch offices across the nation, it is of the utmost importance that a competent functioning extended communication service be available.

When Dataline commenced operations in 1969, local lines were provided for those users located in Toronto to use the computer serv-





ices available at that time. Shortly after January, 1970 we expanded our operations to Ottawa. This provided communications links to the nation's capital to service Federal government business which we felt would be increasing in quantity in the years to come. By expanding these lines, we began the building of one of the most extensive computer communication networks in Canada.

In 1972, we opened an office in Montreal and extended our telecommunications network to that city. By 1973, operations were set up to provide for further expansion of the network, and we went coast-to-coast. Indeed, by the end of 1972, we were providing services to users in 11 Canadian cities. Our network has now grown to over 30 cities with local dial-up capabilities, and an additional 20 communities where short distance lines are provided to enter our national data supply network. With this network we can provide the kind of services our customers need and demand for their nationwide business.

The basic control of our national network comes from three mini-computers whose sole job is to direct the communications traffic. They answer data calls and service them according to user terminal type and terminal speed, and ensure that the user is connected to the proper computer mainframe.

The network has made use of essentially every type of communication services offered by the Trans Canada Telephone System. The spine of the network is built on Dataroute services, providing high speed data services from our major service centres.

Large scale line facilities are provided from Montreal, Ottawa and Calgary to Toronto. Small scale line facilities are provided from the other locations shown on the accompanying map. In addition, the remote areas are making use of a service referred to as Dataline II. This allows single users in locations to connect to the large scale net-

work and to receive essentially the same type of service as do users in major urban areas.

It is our intention to improve, expand and upgrade our communications network on a continuous basis. Our employees will ensure that our ability to deliver services will be unimpaired, and will be the best possible under the technical constraints within which we operate in the communications field.

- HEAD OFFICE
- BRANCH OFFICES
- ACCESS POINTS



